# World Chronicle

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## WORLD SUMMIT FOR SOCIAL DEVELOPMENT

Five years ago, at the World Summit for Social Development in Copenhagen, United Nations Member States agreed on a comprehensive programme to tackle issues such as poverty, unemployment, and the need to include all people in the development process during this age of globalization. Now, countries are preparing to review progress and to suggest new initiatives at a General Assembly special session to follow-up the Summit in Geneva June 2000. In this edition of **World Chronicle**, Nitin Desai, Under-Secretary-General of the UN Department for Economic and Social Affairs, discusses the Social Summit + 5 process, and how it could help the world's people adjust to and benefit from globalization.

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**ANNOUNCER:** From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

**WILLIAMS:** Hello, I'm Ian Williams, sitting in for Michael Littlejohns, and this is **World Chronicle**.

At the Copenhagen Social Summit in 1995, 117 countries pledged to implement ten commitments to alleviate poverty, promote employment and ensure social integration. Has there been any progress in achieving the goals set by the Copenhagen Summit? Can the benefits created by economic globalization be shared by all, and not just the already-rich countries? A United Nations' General Assembly Special Session will be held in June 2000 to evaluate the implementation of the Copenhagen Declaration and Programme of Action, its commitments and related policy measures.

Our guest today is an expert on issues related to the Social Summit. He is Nitin Desai, Under-Secretary-General of the UN Department for Economic and Social Affairs. Joining me to talk with Mr. Desai are Evgueni Menkes of *RIA-Novosti* and John Metzler of *USA Radio Network*.

Mr. Desai, welcome to **World Chronicle.**

**DESAI:** Pleasure to be here.

**WILLIAMS:** And of course it is fairly timely because not long ago we had a World Trade Organization which a lot of people seemed to think was dedicated entirely to undoing the work of the Copenhagen Summit. Do you think that this is an accurate reflection? Is there a tension between what you're doing and the WTO?

**DESAI:** No, not at all. I would say that in many ways the World Summit on Social Development is a necessary part of what came out of the whole trend towards globalization. You can't just have globalization in terms of free trade, free movement of goods and services, finance, unless you also have a commitment to ensuring that the potential inequalities that can arise from this will be addressed nationally and globally. So in many ways the two are really things which go together. You can't have one without the other.

**WILLIAMS:** But that commitment was not exactly expressed by the delegates at the WTO. There was tremendous and successful opposition to implementing a sort of level playing field for labour.

**DESAI:** I would say that the problem was not a question of implementing a level playing field for labour. I don't think any country said that they do not wish to implement the ILO conventions. The issue was where the enforcement mechanism would rest. And what basically people are saying is that it should rest in the ILO. Remember that after the Social Summit, last year all of the countries signed on to a declaration in ILO where they committed themselves to the ILO conventions, including countries which were not signatories to the convention have committed themselves to reporting what they're going to do on the implementation of these conventions. So I don't think the issue is should these laws be implemented, the issue here is where should the international mechanism we're placing for implementation rest.

**MENKES:** Mr. Desai, coming back to the documents of Copenhagen, ten commitments, almost like ten commandments – is it possible to say whether anything of this has been fulfilled, even in part?

**DESAI:** I would say that the main success of Copenhagen was to place social development at the centre of the policy agenda. Let me give you one example. When we had the debt crisis of the early 80's the focus was almost entirely on ensuring that there is no default, that the macro economy is propped back into balance, exchange rates are stabilized and when that happened people said the crisis is over. But we know that Latin America had ten years of high poverty thereafter. This time, nobody is saying that. This time, in '97-'98, even though the Asian countries and the others affected are getting back into macro balance, exchange rates are stabilizing, interest rates are below pre-crisis levels, nobody is saying the crisis is over. And that is the difference and that difference was made by Copenhagen.

**MENKES:** The other day we, the UN accredited reporters, were told at a briefing that about half of all the population of the earth never used a telephone ever in their lives. Can we really seriously think about the possibility for all the countries in the world to find a common denominator for their social and economic problems?

**DESAI:** I would say that it's not a question of finding a single common denominator for all countries. It's a question of securing a commitment within each country to find a role, a place for addressing inequality, addressing social cohesion, addressing unemployment, addressing poverty within each framework. You surely are not going to get the same definition of poverty in a poor country and in a rich country. You surely will not get the same approach to unemployment in a country where let's say most of the labour force

is unionized and another where it is not. So it is not a question of trying to put some sort of identity package or social policy in place everywhere but more of securing commitments to certain objectives being a central part of policy.

**METZLER:** Mr. Desai, clearly a rising tide does lift all boats but it seems that the undeniable prosperity in the United States, Canada and the European Union really does not or has not reached all the eddies and by-ways and bays of the developing world. Where are some of the places where the problems indeed are most acute?

**DESAI:** I'd say that basically the problem arises in countries and in groups which cannot latch on to the high growth, high potential areas of the world economy -- knowledge-based industries, information technology, professional services, and so on. And I would say that the real challenge that we face is first, of course, address the poverty which arises because of lack of access to basic needs and services. But beyond that also to address the question of how do we ensure that every group within a country, in every country, has the capacity to latch on to what are today the most dynamic, most rapidly growing segments of the world economy.

**METZLER:** Was it really so simple to say that everybody can be another Singapore or South Korea just because those two countries have done so remarkably well in the last 30-40 years?

**DESAI:** I'm not sure that what we are proposing is that everybody should be a Singapore or a South Korea because in many countries, say the larger countries, there is an enormous potential for growth and development arising from domestic markets. There are many other areas of potential growth which one can see in terms of agriculture growth, in terms of the shifts in manufacturing production of a labour-intensive character to these countries. So it's not as if everybody has to be in that mould. The point surely is that if there is a challenge to globalization, the challenge is inequality. And it seems to me that what the Social Summit did was to place this issue on the global policy agenda. We are talking about it far more than the we did five years ago and that, I think, is a very positive achievement.

**WILLIAMS:** But we're not just talking about inequality between countries, we are talking about inequality inside countries. John was referring to the United States' economic growth and as far as I know, most of the actual working family's income has been static for 20 years while the income of chief executives has shot up by 20-30-40-fold over the same period.

**DESAI:** Have a look at the Social Summit. In fact, one of the areas it does address is precisely these emerging inequalities within countries and when I say inequality as a threat I don't mean just inequalities between countries. Inequalities between countries is a threat to a system of international relations which relies on willing cooperation. Inequality within countries will be a threat to democracy. So in that sense I would say that if there is a single challenge which one had to identify to the possibility of a peaceful cooperative world, it is inequality and certainly inequality within countries is as important. What's the problem? In many countries it's a problem of the changing structure of employment. Some people in high wage, high income occupations, others in relatively low wage occupations or unemployed with limited benefits. And I would say that this is one of the things that will have to be addressed. It is very difficult to worry about poverty globally if you don't worry about poverty at home.

**MENKES:** Mr. Desai, let me ask you a question of a general character. Using formula Summit plus X number of years has become almost a ritual at the United Nations – Rio + 5, Beijing + 5, Copenhagen + 5. Sceptics are saying that there may be + 10s, + 15s. The Preparatory Committees have transformed themselves into the Committees on Realization of Decisions but the questions and the issues and the problems are still there. What do you reply to these sceptical remarks?

**DESAI:** Let me focus on the + 5 of Copenhagen. I've seen that there is something rather special about the + 5 of Copenhagen. One, the mandate for the + 5 is not just review. The mandate is review and further initiatives for implementation. Second, I'd say that in many ways people are rediscovering Copenhagen. When it took place in '95 it was perhaps a little ahead of its time. People felt that the world economy was booming, that what is all this business worth worrying about unemployment and poverty but over the past few years we've discovered that even in countries where globalization was delivering the greatest benefits vulnerability was very high and problems of poverty and unemployment suddenly surfaced. So in many ways people are far more responsive. What I noticed is, that after '97-'98 a lot of people who did not even refer to Copenhagen are now talking about the commitments in Copenhagen.

**MENKES:** How about the 54th Session which is coming to a close now, what decision did they take, if any, which could bring closer to fruition the ideas and the tasks of Copenhagen?

**DESAI:** I'd say that probably the characteristic of the 54th Session has been a strong focus on globalization and on financial issues. And as you know that 54th Session is in the process of trying to work itself towards a close an event on finance for development. And that addresses a very important part of what we need for the purposes of giving practical expression to the outcome not just of the World Summit on Social Development but a lot of other UN conferences all over the world to give practical expression to what came out of that in terms of global financial relations. So that's probably the focus in this session of the General Assembly.

**METZLER:** We seem to be taking globalization for granted. In fact, addressing the agricultural issues, don't you think that's where more focus should be placed? You mentioned, for example, within countries problems. American family farms even in the US are decreasing very, very rapidly. It's also a problem in Brazil. Can we just see more open markets where the US would accept, for example, more Brazilian food imports and needless to say the French in Europe do the same for the Hungarians and the Poles?

**DESAI:** I'd say that this is really one of the great challenges of how we reconcile globalization with the sense of social cohesion and belonging. How do we create space for communities? How do we create space for small and medium enterprises? How do we create space for small countries? This is, I think, the great challenge. I'm not sure we have all the answers. All I can say is that we at least recognize that there is a problem and you will see that this is incidentally one of the reasons why the + 5 process is required. There's a much greater sense of concern about these issues now than in '95. And you will see that what comes out of the Copenhagen + 5 process is much more about these things than we did in Copenhagen.

**METZLER:** But the point is countries can compete in terms of soybeans perhaps more than semi-conductors, if that is a truism. So perhaps we can then say the problem is they can't export them because of various tariffs and barriers. Perhaps that is where we should be looking rather than saying let's set up a high tech industry in the proverbial developing country.

**DESAI:** Absolutely. In that sense, one has to work on both fronts – capacity building in the new high-growth industries and opening up of options in the more traditional industries like agriculture, like textiles, like basic services. And so both are required. In many ways, I would say that the trade agenda which is being pushed when we talk about the

developmental round is essentially the trade agenda which you are referring to.

**WILLIAMS:** This is **World Chronicle**. Our guest is Nitin Desai, Under-Secretary-General of the UN Department for Economic and Social Affairs.

Now obviously, there's a lot of, how should I say, tension between international organizations and you are talking about, for example, solving unemployment and yet most central bankers, certainly in a developed world, see what they call as a natural rate of unemployment as essential for maintaining monetary stability. The Federal Reserve Bank actually tries to raise unemployment when it thinks that there is a risk of inflation.

**DESAI:** I'd say that one of the changes that I sense now is that the strong concern about inflation control as **the** primary focus of macro economic policy. It's now slowly giving way with a greater recognition that a macro policy must be much more fine-tuned. The risks of inflation are now not as high as the risk of perhaps recession, perhaps protection, etc. And that really the focus of macro policy has to be as much maintaining the momentum of growth and development in the world economy and maintaining the momentum of globalization of the world economy. And I see a much more nuanced approach to monetary policy now than compared to the '80s where probably the focus was inflation control, that's it.

**WILLIAMS:** Have you told Alan Greenspan this?

**DESAI:** I'd say that Mr. Greenspan has certainly been following a very nuanced policy and the very long record of growth in the United States suggests that they have been following a nuanced policy.

**WILLIAMS:** In parts.

**MENKES:** We're talking a lot recently about current decline in official development assistance, about the donor fatigue. What can be done from a practical point of view to offset it?

**DESAI:** I'd say that what's happening perhaps over the past few years – I must tell you that there's some evidence that in the past couple of years the downward trend has been reversed. Of course we're nowhere near UN targets, but at least the steady downward trends seem to have started moving upwards since last year. Let's hope it continues.

**MENKES:** In the '90s after the new emerging countries appeared in the international arena the developing world expressed some doubts about the possibility of having enough money for both groups. What's the situation now?

**DESAI:** I would say that there's not that much evidence that the financial demands of the countries of Eastern Europe and the former Soviet Union have really eroded the availability of resources for developing countries. A bigger problem has been the very heavy demands for humanitarian relief and post-conflict operations. That has been a bigger problem for aid budgets than the needs and requirements of the countries of Eastern Europe and the former Soviet Union. That has not been the problem. What we are really trying to do is to move away from a notion where development cooperation was essentially seen as part of a broader strategic policy and to focus it more on something which should be seen as part of an obligation under a global compact. We had the UN conferences; they came out with programmes of action. There are lots of things which developing countries are required to do there. Many of them are things that are in their national interest but they are also in the global interest and we are increasingly projecting development cooperation as something which is a dimension of a global funding for a global good. And the definition of a global good is what has come out of these great conferences.

**WILLIAMS:** There's one continent which seem to be at the bottom of almost every chart and of course it is Africa and in Sub-Saharan Africa development does not seem to be happening at all. The economies mostly are static, declining, there's military conflict. Is there any particular emphasis to put reality on any of these ten points for Africa?

**DESAI:** In fact you will see that one of the most specific features there is a separate commitment on African development and one of the things that has happened -- First, let's be clear. I mean you shouldn't really say Africa is like this or anything. There is a tremendous amount of variation. The number of African countries with positive per capita growth did go up. Last year, many of them had additional problems because of falling commodity prices. But till last year, the numbers were going up. The number of countries who are in the positive growth bracket, the number of countries which have reformed their policy frameworks is very large. The number of countries which are democratized is very large. I'd say that a great deal was happening in Africa. It was set back a little last year by the falling commodity prices. So let's not say Africa generally. There are cases where mainly because of conflict-related issues things are in a bad way but there are a lot of other places where things are moving. I'd say that the real challenge for Africa is how do we release the capacity for growth which we know exists in this country and which was demonstrated recently. There are more specific problems which need to be addressed. The AIDS problem.

In many of the countries such a large proportion of population affected by AIDS. The debt problem which is being addressed to the highly indebted poor country initiative which was expanded recently. We recently had the African Trade Opportunity Act which the US Congress passed. So, I would say that yes, a lot of action is there. Again, I would say, you will never get any discussion of global economy now without at least some reference to the need for special action to assist Africa. Whether it's a G-7 meeting, whether it's an OECD meeting, whether it's a meeting of financial architecture this dimension always figures. And I'd say that the very fact that something like the structural adjustment facility has been rechristened the poverty reduction facility itself is an important symptom of the change which the Social Summit brought about.

**WILLIAMS:** Do you think the name change implies a change in the reality then?

**DESAI:** I'd say the name change implies at least – It's very difficult for a poverty reduction facility to go to a country and say you will reduce expenditures on poverty reduction. That makes a big difference. A name change makes a big difference. It's changed a lot when you're no longer calling it structural adjustment but calling it poverty reduction. It's a little difficult to go to a country and say now as a condition for getting this money you will reduce expenditure on education, health and poverty reduction. So the name change is a very important indicator of the change in attitude which now recognizes that social development and poverty eradication are central to economic development and macro economic balance.

**METZLER:** Mr. Desai, don't you think that one of the real central issues remains debt and the whole concept of the International Monetary Fund? And it seems that there is a need for a recalibration of the IMF in the new century. How do you see that point?

**DESAI:** I'm not entirely sure what recalibration...

**METZLER:** Well of their approach. In other words to say that most countries want loans from the IMF but then very quickly curse the conditions of those loans – the conditionality, the straight jacket formulas which are put upon various countries – don't you think that's really the problem?

**DESAI:** I see that this has been changing. One example I gave, the poverty – the very fact that the ESAF, which is the Expanded Structural Adjustment Facility, now takes the shape of a poverty reduction facility. You also no longer get the same attitude of "one size fits all". There's much greater transparency, there's much greater knowledge of what is it

that the IMF is talking about in each country. Well let's remember that the IMF is essentially an institution which comes in when there is a severe imbalance. For most countries this is not the situation. For most countries, what they require is long term development finance which is what they get from institutions like the World Bank, the regional development banks and the bilateral donors and that in many ways the direction of that money is as important as what the IMF does. The IMF is basically a crisis management institution and increasingly it's trying to manage crisis in a manner that is much more mindful of the social dimension and the environmental dimension.

**MENKES:** On the change of attitude you just mentioned a couple of minutes ago, I remember a decade ago when the United Nations Development Programme had come out with its first report – the Human Development Report. And I remember almost open confrontation between the experts of DESA, the Department of Economic and Social Affairs, which you are running now, and the experts from the UNDP on how to calculate and how to project and what to take into consideration. And the UNDP people have been saying "we must take into consideration the human factor" and the economists from the Secretariat were saying, "no, we must calculate – we must take into consideration just the figures". So has there been a change of attitude from your people, from your department, under your leadership?

**DESAI:** May I say that fortunately I do not have to explain what may have happened ten years ago because that was before my time. Statisticians will always differ because there is no statistically perfect way of measuring something like poverty or human deprivation or even for that matter, growth. And I would not read too much into differences of views among statisticians. What is important is the recognition that the distribution of growth and how growth translates into living conditions for all people is as important as the magnitude of growth and it's precisely the Statistics Division of the United Nations which has been working on an agreement on a set of social indicators. Now whether you move from a set of seven indicators to a single number is, I think, a matter of presentation. It's a matter of statistical nicety and I'm not sure that it has something into which one should read a great deal.

**MENKES:** Since we are coming to the close of our programme as far as I understand, maybe you can tell us in a couple of words what were probably the best moments of your career at the United Nations – and the worst.

**DESAI:** I can certainly talk about the best. The best was clearly the completion of the Rio Summit. I still have a great fondness for the Social Summit which was a bit of a sleeper. People didn't think too much of it at that time but in many ways it has gone much deeper into policy making than almost any of the other summits. And these two are probably the high points. The low points, I suspect there are too many for me to be able to list just two.

**WILLIAMS:** You have 30 seconds to try.

**DESAI:** The continuous adjustment of what you are trying to do to the resources that are available. The sort of perpetual reform, restructuring that goes on. We are here to realize substantive results and that's what give us joy you see and whenever we can do that, I assure you it's very, very satisfying.

**WILLIAMS:** Mr. Desai, that's all the time we have. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Nitin Desai, Under-Secretary-General of the UN Department for Economic and Social Affairs. He was interviewed by Evgueni Menkes of *RIA-Novosti* and John Metzler of *USA Radio Network*.

I'm Ian Williams sitting in for Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**

**ANNOUNCER:** Transcripts of the programme may be obtained free of charge by sending a stamped, self-addressed envelope to **World Chronicle**, United Nations, Room S-827, New York, N.Y., 10017. **World Chronicle** is broadcast worldwide and features guests whose work is concerned with major global issues. This programme is a Public Affairs Presentation of this station from United Nations Radio and Television.